



United States Department of Agriculture
Risk Management Agency

January 2005

2005 COMMODITY INSURANCE FACT SHEET

Apples

Idaho, Oregon, Washington

Crop Insured

Crop insured will be all varieties of apples adapted to the area, located on insurable acreage, and for which premium rates are provided by an actuarial table. The acreage must have produced a minimum of 10 bins (250 boxes) per acre (Idaho, Oregon and Washington) in at least one of the previous 4 years to be insurable. Apples inter-planted with another perennial crop are insurable, unless the insurance provider inspects the acreage and determines it does not meet the insurability requirements contained in the policy.

Counties Available

Idaho: Canyon, Gem, Owyhee, Payette, and Washington

Oregon: Clackamas, Douglas, Grant, Hood River, Jackson, Josephine, Lane, Linn, Malheur, Marion, Polk, Umatilla, Wasco, Washington and Yamhill

Washington: Adams, Benton, Chelan, Douglas, Franklin, Grant, Kittitas, Klickitat, Okanogan, Spokane, Stevens, Walla Walla and Yakima

Causes of Loss

Adverse weather conditions¹

Earthquake

Failure of irrigation water supply²

Fire³

Insects⁴

Plant disease⁵

Volcanic eruption

Wildlife and all other natural losses that cannot be prevented

In addition, the insurance provider will **not** insure against damage or loss of production due to: Inability to market the apples for any reason other than actual physical damage from an insurable cause listed above (for example, an indemnity will not be paid if you are unable to market due to quarantine, boycott or refusal of any person to accept production).

¹Including hail, frost, freeze, drought, and excess precipitation ²If caused by an insured peril that occurs during the insurance period. ³Unless weeds and other forms of undergrowth have not been controlled or unmulched pruning debris has not been removed from the orchard. ⁴But not damage due to insufficient or improper application of pest control measures.

⁵Plant disease (but not damage due to insufficient or improper application of disease control measures).

Insurance Period

Coverage begins on the later date: Either 20 days after the insurance provider accepts your application or November 21. For each subsequent crop year the policy remains continuously in force, insurance coverage begins on the day immediately following the end of the insurance period for the prior crop year, except for the year of application. The calendar date for the end of insurance period for each crop year is November 5. Coverage period continues to November 10th for the Fuji variety only.

Reporting Requirements

Acreage Report — You must report to your insurance agent all the acreage (insurable and non-insurable) by type of apples in the county in which you have a share.

Important Dates

Sales Closing	November 20
Production Reporting Date	January 4
Acreage Report Date	January 15

The dates shown above will apply to all Idaho, Oregon and Washington counties where apple insurance is available.

Administrative Fees

Catastrophic (CAT) Coverage: \$100 per crop per county.

Additional Coverage: \$30 per crop per county.

Waivers of administrative fees for **all** coverage levels (CAT and additional) are available for small-limited resource farmers.

Production Guarantees

Yields are based on actual production records reported to your insurance agent and/or company. Contact your insurance agent for specific details.

Guarantee Options

Choice of 50 to 75 percent of your approved average yield (in 5 percent increments). Catastrophic (CAT) coverage is available at the 50 percent coverage level and 55 percent of maximum price election.

Loss Indemnity Example

Assume: Proven APH of 1,000 boxes/acre, 20 acres, 70-percent coverage level.

1,000	Boxes per acre
<u>X .70</u>	Coverage level
700	Boxes per acre guarantee
<u>X 20</u>	Acres
14,000	Box unit guarantee
<u>X \$6.90</u>	\$ per box
\$96,600	\$ coverage
8,000	Boxes harvested U.S. No. 1
	Processing
6,000	Production shortfall
<u>X \$6.90</u>	\$ per box
\$41,400	Producer indemnity

Pilot Coverage Enhancement Option (CEO) - Washington State Only

CEO attaches to an MPCCI policy and provides up to 80 and 85 percent coverage. If a loss is payable, this option retroactively reduces the MPCCI deductible. Not available to insureds who elect the CAT endorsement or price elections less than 100 percent of maximum.

Optional Coverage for Quality Adjustment

- Not available for insureds who elect the CAT endorsement

Provides quality option adjustment for the mature apple production to be counted which, due to insurable damage, does not grade 80 percent U.S. Fancy or better. Applies to acreage designated as grown for fresh apples. Washington State Fancy grade instead of U.S. Fancy applicable to Washington State counties.

Apple Pilot Quality Option

(Washington State Only and not available for insureds who elect the CAT Endorsement)

The option provides additional quality-based coverage for varietal groups 114 and 115. Eligibility requires the producer to provide acceptable annual packout percentages for the acreage by varietal group. The policy defines two grades of apples for insurance purposes (Washington Fancy and all other).

Historical packout factors will be computed and used to determine the amount of insurance on the acreage. The amount of coverage per acre is established by varietal group and grade of apples.

Adjustment of production due to quality is eligible if the current year's annual packout factor of WA Fancy apples falls more than 10 percentage points below the insured's historical packout factor for WA Fancy apples. Losses are paid when the producer's production falls below the guaranteed amount.

Where to Purchase

All MPCCI, including CAT coverage insurance policies, are available from private insurance agents. A list of crop insurance agents is available on the RMA website: <http://www3.rma.usda.gov/tools/agents/>

Regional Contact for RMA

USDA/Risk Management Agency

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